

ZULIMA V. FARBER
ATTORNEY GENERAL OF NEW JERSEY
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Attorney for Plaintiff

Office of the Superior Court Clerk
By Deputy Clerk of the Superior Court

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By: Isabella T. Stempler
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ZULIMA V. FARBER,	:	SUPERIOR COURT OF NEW JERSEY
ATTORNEY GENERAL OF NEW JERSEY:	:	CHANCERY DIVISION - GENERAL
on behalf of	:	EQUITY
FRANKLIN L. WIDMANN, CHIEF OF	:	ESSEX COUNTY
THE NEW JERSEY BUREAU OF	:	
SECURITIES,	:	DOCKET NO. ESX-C-252-06
	:	
Plaintiff,	:	<u>Civil Action</u>
	:	
v.	:	COMPLAINT
	:	
DONAX PIERSAINT d/b/a	:	
CBC EXPRESS,	:	
	:	
Defendant.	:	

Plaintiff, Zulima V. Farber, Attorney General of the State of New Jersey, on behalf of Franklin L. Widmann, Chief of the New Jersey Bureau of Securities, alleges as follows:

1. Donax Piersaint ("Piersaint") resides at 74 North 19th Street, East Orange, New Jersey 07017.
2. Beginning in or about September 1996 and continuing to approximately at least until 1999 ("Relevant Time Period") Piersaint transacting as CBC Express, offered and sold unregistered securities in New Jersey in the form of promissory notes issued by

CBC Express (hereinafter "Securities") to approximately 93 investors.

3. Neither Piersaint nor CBC Express were registered with the New Jersey Bureau of Securities (the "Bureau") in any capacity.

4. The Securities were not registered with the Bureau.

5. Upon information and belief during the Relevant Time Period, Piersaint solicited sales of the Securities through his radio show that was broadcast on HAM radio during which he referred potential investors to CBC Express.

6. Upon information and belief during the Relevant Time Period, Piersaint sold the unregistered Securities to New Jersey investors.

7. Upon information and belief, investor funds were deposited into a CBC Express bank account at PNC Bank, with Piersaint as signatory on the account, in exchange for promissory notes.

8. Prospective investors executed a CBC Express "Investment Contract".

9. The Investment Contract stated, among other things, to investors that: "this investment has been done once and will carry a 10%" return.

10. Piersaint's representation to investors was false and/or misleading when made.

11. The Investment Contract also represented to investors that the promissory notes paid monthly installment interest payments to investors which could be cashed out or reinvested.

12. Piersaint's representations to investors were false and/or misleading when made.

13. Piersaint orally represented to at least two investors that he represented PNC Bank and that PNC controlled their investment.

14. Upon information and belief, during the Relevant Time Period, Piersaint, without disclosure to investors, used investors' funds to make: (a) loans with very high interest rates to solicited borrowers; (b) investments in the National Calling Card Association ("NCCA"), a purported distributor of pre-paid calling cards; and (c) investments in "Family and Friends," a purported "opportunity" operating out of a church in Irvington, New Jersey.

15. Upon information and belief, the NCCA investment was made by Piersaint in each investors' name. Piersaint was credited by NCCA for recruiting distributors and received commissions for each "new" distributor.

16. Upon information and belief, Piersant invested CBC Express investor funds in "Family and Friends."

17. Upon information and belief, "Family and Friends" would meet at a church in Irvington, New Jersey.

18. Upon information and belief, the "Family and Friends" opportunity involved individuals each investing \$2,000 with no promises or guarantees.

19. Upon information and belief, an individual would have to solicit 7 other individuals, each investing \$2,000, in order to complete a "table" of 8 individuals. The lead individual, who solicited the other 7 at the table, would net \$15,500 (8 individuals, including the lead, at \$2,000 equals \$16,000 minus \$500, which was given to "Family and Friends").

20. In connection with the offer and sale of the securities, Piersaint transacting as CBC Express, failed to disclose certain material facts to the investors which were necessary in order to make other statements made, in the light of the circumstances under which they were made, not misleading. Among the material facts that Piersaint failed to disclose were:

- a. The risks associated with investment in the securities;
- b. That the defendant was not registered with the Bureau in any capacity;
- c. That the securities were not registered with the Bureau or exempt from registration or the Securities and Exchange Commission (the "SEC"); and
- d. The investor funds from their investments were used to make: (i) loans with very high interest rates to

solicited borrowers; (ii) investments in NCCA; and
(iii) investments in "Family and Friends."

21. Upon information and belief, the majority of CBC investors never received their principal investment.

COUNT I

**MAKING MATERIALLY FALSE OR
MISLEADING STATEMENTS AND/OR
OMITTING MATERIAL FACTS IN VIOLATION
OF N.J.S.A. 49:3-52(b).**

22. Plaintiff repeats the allegations in the preceding paragraphs as if fully set forth herein.

23. In connection with the offer and sale of the securities in question, the defendant made untrue statements of material fact and omitted to state material facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading.

24. Among the materially false and/or misleading statements and omissions the defendant made were:

- a. the promissory notes had an expected return on investment of 10%; and
- b. the promissory notes guaranteed installment payments to investors in addition to the interest payments.

25. The omitted material facts made by the defendants included:

- a. the failure to state the risks associated with investment in the securities;
- b. the failure to state that the defendant was not registered with the Bureau in any capacity;
- c. the failure to state that the securities were not registered with the Bureau or exempt from registration or registered with the SEC; and
- d. funds from their investments were used to make:
 - (i) loans with very high interest rates to solicited borrowers; (ii) investments in NCCA; and (iii) investments in "Family and Friends."

26. Each time Piersaint, transacting as CBC Express, made a materially false or misleading statement in connection with an offer or sale of CBC Express securities or omitted to state a material fact in connection with an offer or sale of CBC Express securities, defendant committed a separate violation of N.J.S.A. 49:3-52(b) and is subject to the imposition of a civil monetary penalty for each separate violation pursuant to N.J.S.A. 49:3-70.1.

COUNT II

OFFERING AND SELLING UNREGISTERED SECURITIES N.J.S.A. 49:3-60

27. Plaintiff repeats the allegations in the preceding paragraphs as if fully set forth herein.

28. The promissory notes sold by Piersant transacting as CBC Express are securities, as defined in N.J.S.A. 49:3-49(m) of the New Jersey Uniform Securities Law, N.J.S.A. 49:3-47 et seq. (the "Securities Law").

29. These securities were not registered with the Bureau or entitled to an exemption from the registration requirement.

30. Therefore, Piersant transacting as CBC Express sold unregistered securities in violation of N.J.S.A. 49:3-60.

31. Each offer to sell and sale by a defendant Piersaint transacting as CBC Express, of unregistered securities, is a separate violation, which is subject to the imposition of a civil monetary penalty pursuant to N.J.S.A. 49:3-70.1.

DEMAND FOR RELIEF

WHEREFORE, Plaintiff petitions this Court for an Order:

- (a) Finding that the defendant engaged in the acts and practices alleged above;
- (b) Finding that such acts and practices constitute violations of the Securities Law;
- (c) Permanently enjoining the defendant from violations of the Securities Law in any manner;
- (d) Permanently enjoining the issuance, sale, offer for sale, purchase, offer to purchase, promotion, negotiation, advertisement or distribution into, from or within New

Jersey of any securities by the defendant including his agents and anyone acting on his behalf;

- (e) Affording each purchaser of securities issued by the defendant the option of rescinding such purchase and obtaining a refund of monies paid, plus interest and expenses incident to effecting the purchase and rescission;
- (f) Assessing the defendant civil monetary penalties for each violation of the Securities Law in accordance with N.J.S.A. 49:3-70.1;
- (g) Requiring the defendant to pay full restitution and disgorge all profits and/or funds gained through violations of the Securities Law; and
- (h) Affording plaintiff and affected third parties any additional relief the Court may deem just and equitable.

ZULIMA V. FARBER
ATTORNEY GENERAL OF NEW JERSEY

By: Isabella T. Stempler
Isabella T. Stempler
Deputy Attorney General

Date: 8/7/06

RULE 4:5-1 CERTIFICATION

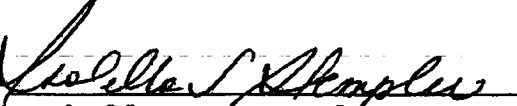
Pursuant to Rule 4:5-1, the undersigned certifies that the matter in controversy was the subject of a subpoena enforcement action which was dismissed on or about May 25, 2001 for lack of prosecution:

Farmer v. Piersant, New Jersey Superior Court, Chancery Division, General Equity, ocket No. ESX-C-413-00

I certify that the foregoing statements made by me are true. I am aware that if any of those statements are wilfully false, I am subject to punishment.

ZULIMA V. FARBER
ATTORNEY GENERAL OF NEW JERSEY

By:


Isabella T. Stempler
Deputy Attorney General

Dated: 8/7/06

DESIGNATION OF TRIAL COUNSEL

Deputy Attorney General Isabella T. Stempler is hereby designated as trial counsel for this matter.

ZULIMA V. FARBER
ATTORNEY GENERAL OF NEW JERSEY

By:


Isabella T. Stempler
Deputy Attorney General

Dated: 8/7/06